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FUTURES TRADING IN MAINE POTATOES

JUNE 1961 - FEBRUARY 1962

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Growth Through Agricultural Progress

UNITED STATES DEPARTMENT OF AGRICULTURE
Commodity Exchange Authority
Washington 25, D. C.

Foreword

This report is a continuation of a series of reports by the Commodity Exchange Authority on the futures market for Maine potatoes, based on surveys of the market at the end of October in each year from 1955 through 1961.

Presented in this report are the results of the survey of the futures holdings of every trader in Maine potato futures on the New York Mercantile Exchange as of the end of October 1961.

The report also includes an analysis of the data which the Commodity Exchange Authority continuously obtains for regulatory purposes from brokers and large traders in potato futures. The analysis of these data and related information on production, stocks, and prices of Maine potatoes covers the period from June 1961 to the end of February 1962 -- the production and earlier part of the 1961-62 marketing season for Maine potatoes.

The report provides basic data on the Maine potato futures market and its composition in order that the public and the potato industry may be informed as to the utilization of the market and its place in the marketing of potatoes.

Alex C. Caldwell, Administrator
Commodity Exchange Authority

April 12, 1962

FUTURES TRADING IN MAINE POTATOES

June 1961 - February 1962

Summary

Trading in Maine potato futures in the early part of the 1961-62 marketing season reflected the large 1961 production and heavy supplies of fall potatoes which burdened the market during this period. Cash and futures prices of Maine potatoes declined almost continuously from the beginning of the marketing season to January 1962.

During this period the trading volume and level of open contracts in potato futures were much larger than in the corresponding period of the previous season. The market not only attracted an unusually large speculative participation as prices declined, but also developed a record level of hedging commitments by potato shippers and dealers seeking protection against declining prices.

The market's basic composition consisted of small traders and large speculators holding predominantly long positions and accounting for much the greater part of the long side of the market, and large hedgers with record levels of short commitments holding the bulk of the short side of the market.

Trading and open contracts throughout the period were heavily concentrated in the 1962 May future. This future accounted for more than 60 percent of the total trading volume in the period June 1961 through February 1962, and an average of more than 50 percent of the total open contracts.

By February 1962 the supply situation in Maine potatoes became somewhat more favorable. Maine stocks were very substantially reduced by the operation of the USDA potato diversion program. In December and January, the disappearance of Maine potatoes was the largest in several years, and the disappearance for the total fall area was the largest on record.

In February cash and futures prices of Maine potatoes advanced to the best levels since the beginning of the marketing season. The trading volume in futures during February was much larger than in any previous month of the season. Much of the increased activity was speculative. The level of hedging commitments declined during the month, indicating that shippers and dealers were lifting some of the short hedges placed earlier in the season.

Detailed information from the CEA's survey of all traders' positions at the end of October 1961 makes further apparent the large size and general composition of the market in the early part of the season. With 1,470 traders in the market on the survey date, and 10,723 carlots of open contracts, the market was larger than on any similar survey date in the previous six years. The long side

was held primarily by speculative buyers, widely spread over the United States, and the short side consisted principally of short hedging positions, held mostly by Maine shippers and New York dealers and receivers.

Maine traders at the time of the survey were making greater use of the potato futures market than traders in any other area, accounting for 43 percent of total short positions in the market, and 64 percent of total short hedging positions. Speculative positions of Maine traders were mostly long, but were a minor factor in the market.

Holdings of New York traders were about evenly divided between the long and short sides. The greater part of the long holdings were those of small speculative buyers in New York City; the greater part of the short holdings were hedging commitments of New York City dealers and receivers.

At the time of the survey all leading potato industry groups, including growers, shippers and receivers, were utilizing the futures market to a greater extent than one year earlier. The industry groups held the largest part of both sides of the market, accounting for 52.1 percent of total long positions, and 74.6 percent of total short positions.

Supply of Fall Potatoes

In May and June 1961, during the planting season for Maine potatoes, news of adverse weather and the possibility of decreased production greatly stimulated trading activity in Maine potato futures maturing in the 1961-62 marketing season. Futures prices advanced sharply.

This outlook was short-lived, however, because of news in July of excellent growing conditions in Maine and most other fall areas, and indications of heavily increased production in the Western fall States. The USDA crop report as of August 1, 1961, estimated total fall production at 189.6 million cwt., or 8.3 percent above 1960, largely because of increases in the Western States. Lower production than in 1960 was indicated for the 8 Eastern States and for Maine.

Subsequent crop reports changed the production picture again as estimates for the 8 Eastern States and Maine were raised to levels higher than in 1960 and further increased the total production for the 26 fall States. As shown in the USDA final production estimates, production in the 26 fall States was set at 201.5 million cwt., up 15.1 percent from 1960; in the 8 Eastern States, 67.5 million cwt., up 8.3 percent, and in Maine 37.0 million cwt., up 9.9 percent.

The supply situation was summed up in the outlook issue of the Vegetable Situation released on November 1, 1961, by the Economic Research Service, as follows: "...With supplies considerably in excess of normal market requirements, prices to growers this fall and winter are expected to continue below those of a year earlier."

Stocks and Disappearance

Storage stocks of fall potatoes are reported each year by U.S.D.A. as of December 1, January 1, February 1, and March 1. From this information the amount of disappearance, based on the monthly stocks report subtracted from production, is determined. This information is shown in table 1 for the 1960-61 and 1961-62 seasons.

Storage stocks of fall potatoes as of December 1, 1961, reflected the increases in production for the 1961 crop. The increases in the 8 Eastern fall States and in Maine were not as large as the rest of the fall States. In the 26 fall States stocks were reported at 145.2 million cwt., up 16.3 percent from one year earlier, in 8 Eastern fall States, 50.5 million cwt., up 5.2 percent, and in Maine 31.0 million cwt., up 3.3 percent.

Although supplies shown by the December stocks report were relatively large, stocks of Maine potatoes were very substantially reduced in December and January by the heavy movement of Maine potatoes to starch plants under the USDA diversion program. The diversion of Maine stocks, amounting to 5.7 million cwt. by the end of January 1962, accounted for 15.4 percent of the State's production, and 41.8 percent of the disappearance of Maine potatoes up to that time. By February 1, stocks in Maine and 8 Eastern fall States had dropped a little below the levels of one year earlier, although stocks for the 26 fall States were 11.1 percent above one year earlier.

The stocks situation for fall potatoes was materially improved by record disappearance in December and January, amounting to 24.3 million cwt. and 27.8 million cwt., respectively, and the near-record disappearance in February, amounting to 24.5 million cwt.

On March 1, as shown in table 1, the cumulative disappearance for the 26 fall States had increased to 66.0 percent of production, against 64.0 percent one year earlier; for the 8 Eastern States 62.3 percent, against 58.3 percent; and for Maine 47.3 percent, against 38.8 percent.

Table 1.--Potatoes: Production, storage stocks, and cumulative disappearance for 26 fall States, 8 Eastern fall States, and Maine, selected dates, 1960-61 and 1961-62 seasons

Date	Production		Storage stocks		Cumulative disappearance		Cumulative disappearance as percent of production	
	1960 crop	1961 crop	1960 crop	1961 crop	1960-61	1961-62	1960-61	1961-62
	1,000 cwt.		1,000 cwt.		1,000 cwt.		Percent	
26 FALL STATES								
December 1	175,042	201,461	124,860	145,220	50,182	56,241	28.7	27.9
January 1			105,015	120,890	70,027	80,571	40.0	40.0
February 1			83,720	93,050	91,322	108,411	52.2	53.8
March 1			63,075	68,595	111,967	132,866	64.0	66.0
8 EASTERN FALL STATES								
December 1	62,355	67,540	47,970	50,470	14,385	17,070	23.1	25.3
January 1			41,390	42,720	20,965	24,820	33.6	36.7
February 1			33,810	33,600	28,545	33,940	45.8	50.3
March 1			26,020	25,450	36,335	42,090	58.3	62.3
MAINE								
December 1	33,663	37,000	30,000	31,000	3,663	6,000	10.9	16.2
January 1			27,700	27,800	5,963	9,200	17.7	24.9
February 1			24,500	23,400	9,163	13,600	27.2	36.8
March 1			20,600	19,500	13,063	17,500	38.8	47.3

Source: USDA Statistical Reporting Service, "Total Potato Stocks."

Although the data reflect the characteristic earlier disappearance for the total fall area than for Maine, they also show a significant improvement in Maine's disappearance rate up to March 1, as compared with one year earlier. However, the demand for Maine potatoes is continuously affected by competition from other fall areas. With Maine's cumulative disappearance as of March 1 less than half of production, compared with two-thirds for the total fall area, obviously Maine's position continued to be affected by developments in other areas.

Potato Prices

Table 2 shows semimonthly closing prices for Maine potato futures from May 31, 1961, through February 28, 1962. Table 3 shows for the period October 1961 through February 1962, the daily high, low and closing prices for the near future at New York, and the daily cash prices at Presque Isle, Maine, plus transportation to New York.

In June 1961, when trading in Maine potato futures was unusually heavy for such an early stage of the crop year, prices advanced well above the levels of one year earlier. On June 30, 1961, the November future closed at \$2.36 per cwt., the 1962 March future at \$2.71 and the 1962 May at \$3.17.

In July 1961 potato futures prices began receding on news of improved growing conditions and prospects of increased production of fall potatoes. As prices continued downward in the late summer and fall, influenced by crop reports forecasting increased production and larger supplies, trading was heavier than in the corresponding period of the previous year. During December and January, as prices declined further, the trading volume and level of open contracts continued to increase. At the end of January 1962 futures prices were more than \$1.00 per cwt. below the peak of the previous June. On January 31 the March future closed at \$1.67 per cwt., the April at \$1.77, and the May at \$1.98.

In February 1962 futures prices moved up in the first sustained rise during the marketing season. This price advance took place in the most active trading in the market up to that time during the 1961-62 season. The greater part of the increased trading activity during the month was in the May future. During February the March future advanced 25 cents per cwt. to \$1.92 at the end of the month, the April future 33 cents, to \$2.10, and the May future 44 cents, to \$2.42.

Table 2.--Maine potatoes: Semimonthly closing prices,¹ by futures,
New York Mercantile Exchange, May 31, 1961 - February 28, 1962

(In dollars per cwt.)						
Date	F U T U R E					
	Nov.	Jan.	Mar.	Apr.	May	
<u>1961</u>						
May 31	2.30	2.46b	2.64	2.76	---	
June 15	2.34	2.51b	2.74	2.88	3.12	
June 30	2.36	2.52b	2.71	2.86	3.17	
July 14	2.27	2.45	2.59	2.74	2.98	
July 31	2.23	2.38b	2.52b	2.64	2.88	
Aug. 15	2.18b	2.36	2.47	2.59b	2.78	
Aug. 31	2.10	2.22b	2.30	2.42	2.56	
Sept. 15	2.05	2.11b	2.21	2.33b	2.48	
Sept. 29	1.99b	2.02b	2.16b	2.28	2.41	
Oct. 13	1.91b	2.01b	2.12b	2.24b	2.40	
Oct. 31	1.77	1.87b	1.99	2.12b	2.32	
Nov. 15	---	1.77b	1.90	2.01	2.18	
Nov. 30	---	1.65b	1.78	1.88	2.04	
Dec. 15	---	1.62	1.82	1.95	2.10	
Dec. 29	---	1.58b	1.70	1.83b	2.04	
<u>1962</u>						
Jan. 15	---	---	1.79	1.94	2.16	
Jan. 31	---	---	1.67	1.77	1.98	
Feb. 15	---	---	1.83	2.02	2.34	
Feb. 28	---	---	1.92	2.10	2.42	

b - bid price

¹ When prices close on a range, an average of the range is shown.

Table 3.--Maine potatoes: High, low, and closing price, specified futures, New York Mercantile Exchange and Maine cash price, daily, October 2, 1961 - February 28, 1962

(In dollars per cwt.)					(In dollars per cwt.)									
Date	Future	Futures price			Cash price ^{2/}	Date	Future	Futures price			Cash price ^{2/}			
		High	Low	Closing ^{1/}				High	Low	Closing ^{1/}				
1961					1962									
October	2	November	1.97	1.96	1.96b		January	2	January	1.60	1.58	1.60b	1.74	
	3	"	1.97	1.95	1.96			3	"	1.62	1.60	1.62b	1.74	
	4	"	1.98	1.91	1.91			4	"	1.65	1.62	1.65	1.74	
	5	"	1.91	1.91	1.91b			5	"	1.65	1.63	1.65	1.76	
	6	"	1.94	1.91	1.93b			8	"	1.63	1.61	1.61	1.78	
	9	"	1.93	1.90	1.91b			9	"	1.67	1.63	1.63b	1.78	
	10	"	1.91	1.91	1.91b			10	"	1.65	1.63	1.63	1.78	
	11	"	1.92	1.90	1.91			11	"	1.65	1.58	1.59	1.78	
	12	"	1.93	1.91	1.91			12	January	1.69	1.58	1.67	1.78	
	13	"	1.91	1.90	1.91b			March	1.80	1.78	1.78			
	16	"	1.91	1.88	1.88			15	"	1.81	1.78	1.79	1.78	
	17	"	1.88	1.84	1.86			16	"	1.81	1.79	1.80	1.78	
	18	"	1.84	1.79	1.80			17	"	1.83	1.73	1.76	1.78	
	19	"	1.79	1.77	1.78			18	"	1.77	1.74	1.76	1.78	
	20	"	1.78	1.76	1.77			19	"	1.75	1.69	1.70	1.74	
	23	"	1.80	1.78	1.78b			22	"	1.70	1.67	1.69b	1.74	
	24	"	1.78	1.76	1.77b			23	"	1.70	1.68	1.68	1.74	
	25	"	1.79	1.77	1.78			24	"	1.70	1.68	1.69	1.74	
	26	"	1.78	1.76	1.76			25	"	1.71	1.67	1.70	1.74	
	27	"	1.81	1.77	1.80			26	"	1.71	1.69	1.70	1.74	
	30	"	1.81	1.79	1.79	1.77		29	"	1.70	1.67	1.68	1.74	
	31	"	1.77	1.77	1.77	1.81		30	"	1.68	1.64	1.68	1.71	
November	1	"	1.83	1.78	1.82	1.81		31	"	1.69	1.67	1.67	1.68	
	2	"	1.83	1.80	1.80	1.84		February	1	"	1.69	1.65	1.67	1.66
	3	"	1.80	1.78	1.80	1.88		2	"	1.72	1.68	1.70	1.66	
	6	"	1.81	1.80	1.80	1.88		5	"	1.74	1.70	1.72b	1.71	
	7 ^{3/}	"	---	---	---	1.88		6	"	1.75	1.71	1.72	1.74	
	8	"	1.81	1.78	1.78	1.88		7	"	1.74	1.71	1.71	1.74	
	9	"	1.78	1.77	1.77	1.86		8	"	1.70	1.67	1.67	1.74	
	10	"	1.74	1.72	1.72	1.87		9	"	1.73	1.68	1.72	1.74	
	13	"	1.70	1.64	1.64	1.87		12	"	1.74	1.70	1.70	1.74	
	14	November	1.69	1.45	1.48	1.86		13	"	1.73	1.70	1.72	1.74	
	14	January	1.78	1.75	1.76b	1.86		14	"	1.80	1.73	1.74	1.81	
	15	"	1.77	1.77	1.77b	1.81		15	"	1.83	1.75	1.83	1.86	
	16	"	1.78	1.74	1.73b	1.78		16	"	1.83	1.78	1.82	1.86	
	17	"	1.75	1.72	1.72	1.80		19	"	1.90	1.84	1.90	1.96	
	20	"	1.70	1.68	1.67b	1.76		20	"	1.87	1.84	1.85	1.96	
	21	"	1.70	1.68	1.69b	1.76		21	"	1.86	1.82	1.86	1.98	
	22	"	1.70	1.69	1.70b	1.76		23	"	1.93	1.88	1.92	2.06	
	24	"	1.69	1.68	1.68	1.74		26	"	1.93	1.89	1.90	2.04	
	27	"	1.66	1.66	1.65b	1.74		27	"	1.98	1.89	1.98	2.04	
	28	"	1.66	1.65	1.66	1.74		28	"	1.95	1.91	1.92	2.01	
	29	"	1.66	1.65	1.66	1.74								
	30	"	---	---	1.65b	1.71								
December	1	"	1.64	1.62	1.63	1.68								
	4	"	1.64	1.62	1.62b	1.68								
	5	"	1.63	1.63	1.63	1.68								
	6	"	1.62	1.62	1.62	1.68								
	7	"	1.69	1.62	1.68	1.68								
	8	"	1.65	1.63	1.63	1.68								
	11	"	1.65	1.64	1.64	1.68								
	12	"	1.64	1.64	1.64b	1.68								
	13	"	1.67	1.65	1.65b	1.68								
	14	"	1.67	1.65	1.65	1.71								
	15	"	1.62	1.62	1.62	1.68								
	18	"	1.59	1.50	1.53	1.68								
	19	"	1.55	1.52	1.55	1.63								
	20	"	1.55	1.53	1.55b	1.61								
	21	"	1.55	1.55	1.54b	1.64								
	22	"	---	---	1.53b	1.64								
	26	"	1.57	1.56	1.58b	1.68								
	27	"	1.56	1.56	1.52b	1.66								
	28	"	1.57	1.56	1.56b	1.68								
	29	"	1.58	1.56	1.58b	1.74								

b - Bid price.

^{1/} When prices close on a range, an average of the range is shown.

^{2/} Average daily high-low range, 50-lb. paper, plain sacks (price doubled to convert to cwt.), mostly Katahdins, unwashed, U. S. No. 1, size 2 1/4" - 4" in carlots, F.O.B. Aroostook County points, Presque Isle rate, plus freight from Presque Isle to Harlem River Yards, New York City, 76 cents per cwt. No prices quoted prior to October 30, 1961.

^{3/} Exchange closed, election day.

^{4/} No cash price quoted, Veterans' Day.

The advance in New York futures prices in February coincided with an approximately corresponding increase in Maine cash prices. The Presque Isle price, in terms of the New York equivalent as shown in table 3, advanced 33 cents per cwt. in February, to \$2.01 at the end of the month.

Volume of Trading and Open Contracts

A large volume of trading and a relatively high level of open contracts in Maine potato futures developed early in the 1961 crop year. The trading volume in June 1961, amounting to 11,480 carlots, and the open contracts at the end of the month, amounting to 6,899 carlots, were alltime records for this early stage of the crop year. In the period of price decline extending from July 1961 to January 1962, the trading volume and open contracts continued to be very substantial, and much above the levels of the previous season. This is shown in the following tabulation, giving the monthly volume of trading and month-end open contracts in 1960-61 and 1961-62 season futures for the June-February period of these seasons (in carlots):

<u>Month</u>	<u>Volume of trading</u>		<u>Month-end open contracts</u>	
	<u>1960-61</u>	<u>1961-62</u>	<u>1960-61</u>	<u>1961-62</u>
June	1,376	11,480	1,732	6,899
July	2,088	8,748	2,669	7,526
August	6,390	9,905	4,581	8,929
September	10,060	12,376	6,327	10,379
October	9,158	11,970	7,130	10,673
November	11,470	14,559	7,730	10,406
December	14,548	16,412	7,789	12,016
January	17,284	17,317	9,069	12,801
February	29,427	27,292	10,884	11,802

Open contracts at each month end in the period June 1961 through February 1962, as compared with corresponding dates in earlier years, were at the highest levels on record.

Trading was increasingly concentrated in the 1962 May future, which in the period from June 1961 through February 1962, accounted for 130,059 carlots, or 63.5 percent of total trading in all 1961-62 season futures. This is shown in the following tabulation giving the trading volume in the May future and in all futures of the same marketing season, and the May as percent of all futures, in the June-February period of each season from 1957-58 through 1961-62:

<u>Season</u>	<u>Trading volume</u> <u>May future</u>	<u>Trading volume</u> <u>All futures</u>	<u>May as percent</u> <u>of all futures</u>
	<u>Carlots</u>	<u>Carlots</u>	<u>Percent</u>
1957-58	20,614	91,657	22.5
1958-59	8,235	33,736	24.4
1959-60	40,281	143,378	28.1
1960-61	60,751	101,801	59.7
1961-62	82,602	130,059	63.5

Open contracts were also heavily concentrated in the 1962 May future. The average month-end level of open contracts in this future in the June 1961-February 1962 period was 50.7 percent of the average for all 1961-62 season futures. This is shown in the following tabulation giving the average month-end open contracts in the May future and in all futures of the same marketing season in the June-February period of each season from 1957-58 through 1961-62.

<u>Season</u>	<u>Open contracts</u> <u>May future</u>	<u>Open contracts</u> <u>All futures</u>	<u>May as percent</u> <u>of all futures</u>
	<u>Carlots</u>	<u>Carlots</u>	<u>Percent</u>
1957-58	871	4,030	21.6
1958-59	605	2,870	21.1
1959-60	1,370	5,881	23.3
1960-61	2,863	5,892	48.6
1961-62	4,748	9,369	50.7

Note: Month-end data May 31 through February 28 of each season.

General Market Composition

Table 4 presents the general composition of the Maine potato futures market, based on large and small traders' positions as obtained from reports to the Commodity Exchange Authority by exchange clearing members and large traders.¹ The table gives semimonthly

1 Large (reporting) traders, those holding 25 carlots or more in one future, are required to report the amount of their trades and positions and whether speculative or hedging. The aggregate long and short positions of small traders are derived by subtracting the large-trader positions from the total open contracts (obtained from clearing member reports), but the speculative and hedging composition of the small traders' positions is known only when the CEA makes a survey of all traders' positions.

Table 4.--Maine potato futures: Total open contracts and commitments of reporting (large) and nonreporting (small) traders, 1961-1962 crop-year futures, New York Mercantile Exchange, semimonthly, May 31, 1961 - February 28, 1962

(Quantities in carlots of 50,000 pounds)												
Date	Total open contracts	Nonreporting (small) traders' speculative and hedging commitments ²		Reporting (large) traders' commitments ¹ reported as:				Number of traders reporting				
		Speculative (including spreading)		Hedging		Total		Long		Short		
		Long	Short	Long	Short	Long	Short					
1961												
May 31	2,262	1,463	660	675	145	124	1,457	799	1,602	22		
June 15	5,157	3,382	1,766	1,631	1,048	144	2,343	1,775	3,391	39		
June 30	6,899	4,213	2,291	2,550	1,592	136	3,016	2,686	4,608	54		
July 15	7,185	4,146	2,421	2,903	1,839	136	2,925	3,039	4,764	58		
July 31	7,526	4,496	2,271	2,801	2,288	229	2,967	3,030	5,255	60		
Aug. 15	8,021	4,440	2,453	3,084	2,136	497	3,432	3,581	5,568	68		
Aug. 31	8,929	4,544	2,475	3,551	2,661	834	3,793	4,385	6,454	74		
Sept. 15	10,088	5,159	2,638	4,092	2,936	837	4,514	4,929	7,450	82		
Sept. 30	10,379	5,398	2,911	4,000	3,040	981	4,428	4,981	7,468	82		
Oct. 15 ³	10,613	5,791	3,151	3,859	2,956	963	4,506	4,822	7,462	83		
Oct. 31	10,673	5,940	3,045	3,799	2,812	934	4,816	4,733	7,628	85		
Nov. 15	10,050	5,980	2,674	2,962	2,661	1,108	4,715	4,070	7,376	86		
Nov. 30	10,406	6,009	2,803	3,296	2,311	1,101	5,292	4,397	7,603	84		
Dec. 15	11,544	6,968	3,071	3,489	2,219	1,087	6,254	4,576	8,473	97		
Dec. 31	12,016	7,333	3,203	3,578	2,052	1,105	6,761	4,683	8,813	101		
1962												
Jan. 15	12,310	7,913	3,753	3,338	2,037	1,059	6,520	4,397	8,557	106		
Jan. 31	12,801	8,164	3,810	3,538	2,205	1,099	6,786	4,637	8,991	111		
Feb. 15	12,622	8,040	3,787	3,514	2,592	1,068	6,243	4,582	8,835	116		
Feb. 28	11,802	7,381	4,157	3,485	2,028	936	5,617	4,421	7,645	112		

1 Reporting traders holding 25 carlots or more in one future.

2 Derived by subtracting reporting traders' commitments from total open contracts.

3 Figures from October 15, 1961, to February 28, 1962, are preliminary.

data on long and short positions of small traders and those of large traders, classified as speculative and hedging, for the period May 31, 1961, through February 28, 1962.

The mounting levels of open contracts from June 1961 through January 1962 reflected not only the increasing participation in the market of small traders and large (reporting) speculators, but also the very pronounced increases in the reported hedging commitments of shippers, grower-shippers and dealers. On each month end during this period the short hedging commitments of reporting traders were higher than on the corresponding dates in any previous year.

On January 31, 1962, when semimonthly open contracts were at their peak, small traders held 8,164 carlots long and 3,810 carlots short, and large speculators 3,538 carlots long and 2,205 carlots short. Hedgers held 1,099 carlots long and 6,786 carlots short. Open contracts turned down during February and at the end of the month amounted to 11,802 cars. Commitments of small and large traders were generally lower on February 28, 1962, with the exception of the short positions of small traders which increased during February.

In general, the composition of the potato futures market during the period from June 1961 to February 1962 represented a characteristic futures market despite declining prices over most of this period. Small traders and large speculators were predominantly long, indicating that they were buying during the period while hedgers were short on balance. Large hedgers consequently were the sellers as prices declined, indicating that they were protecting inventories of potatoes and forward purchase commitments by offsetting hedging sales in futures. During February 1962 when prices improved somewhat, hedging commitments were reduced, indicating that hedgers covered some of the short hedging positions.

Survey of all Traders' Positions

To obtain overall information on the Maine potato futures market at the beginning of the 1961-62 marketing season, the Commodity Exchange Authority made a special survey as of the end of October 1961, obtaining detailed information from futures commission merchants and exchange clearing members on all persons and firms holding open contracts on the New York Mercantile Exchange as of the survey date.²

2 Futures commission merchants and exchange clearing members furnished as of October 27, 1961, the name, address, occupation, and market position of each account including house accounts, having open contracts in Maine potato futures, and the classification of such accounts as speculative (including spreading) or hedging. Some positions were obtained as of October 31, 1961.

Such surveys have been made at the beginning of each marketing season in the years 1955 through 1961.

As shown in table 5, there were 1,470 traders in Maine potato futures at the end of October 1961, or 22.8 percent more than one year earlier; and total open contracts were 10,723 carlots, or 51.0 percent larger. Both the number of traders and the amount of open contracts in the October 1961 survey were larger than at the beginning of the marketing season in any previous survey year.

Classification of Traders' Positions

Of the 1,470 traders shown by the survey, 1,170 were classified as speculators and 300 as hedgers. Both traders classified as speculators and as hedgers were more numerous than one year earlier, although the proportion -- about four to one -- was not significantly changed from one year earlier.

As in previous surveys, speculators were primarily on the buying or long side of the market, and hedgers held the bulk of the short commitments. However, speculators held a greater proportion of long positions and a smaller proportion of short commitments than one year earlier; and, conversely, hedgers held a larger proportion of short commitments and smaller proportion of long commitments than one year earlier. It appears that at the time of the survey speculators as a group had a greater preference for the long side of the market than one year earlier, while hedgers were making greater use of the short side.

Speculators on the survey date held long positions of 7,466 carlots, or 70.0 percent of total long positions, and short positions of 3,944 carlots, or 36.8 percent of total short positions.

Hedgers held short positions of 6,779 carlots, or 63.2 percent of total short positions and long positions of 3,196 carlots, or 30.0 percent of total long positions.

Traders' Holdings by Size Groups

Tables 6 and 7 show the distribution of speculators and hedgers, and their positions, according to four size groups: 1 to 4 carlots, 5 to 24 carlots, 25 to 99 carlots, and 100 carlots and over.

Table 5.--Maine potato futures: Number of traders and amount of positions classified as speculative and hedging¹, New York Mercantile Exchange, end of October, 1955 through 1961

Date	Speculative			Hedging			Total		
	Number of traders	Positions (carlots)		Number of traders	Positions (carlots)		Number of traders	Positions (carlots)	
		Long	Short		Long	Short		Long	Short
Oct. 31, 1955	285	1,971	1,099	169	898	1,758	454	2,869	2,857
Oct. 31, 1956	500	2,301	1,774	306	2,575	3,102	806	4,876	4,876
Oct. 31, 1957	673	3,303	1,991	198	1,374	2,686	871	4,677	4,677
Oct. 31, 1958	528	2,014	1,281	182	1,460	2,193	710	3,474	3,474
Oct. 30, 1959	921	5,700	2,033	282	1,615	5,282	1,203	7,315	7,315
Oct. 28, 1960	958	4,211	3,525	239	2,892	3,578	1,197	7,103	7,103
Oct. 27, 1961 ²	1,170	7,466	3,944	300	3,196	6,779	1,470	10,662	10,723

Traders and positions as percent of total

Oct. 31, 1955	62.8	68.7	38.5	37.2	31.3	61.5	100.0	100.0	100.0
Oct. 31, 1956	62.0	47.2	36.4	38.0	52.8	63.6	100.0	100.0	100.0
Oct. 31, 1957	77.3	70.6	42.6	22.7	29.4	57.4	100.0	100.0	100.0
Oct. 31, 1958	74.4	58.0	36.9	25.6	42.0	63.1	100.0	100.0	100.0
Oct. 30, 1959	76.6	77.9	27.8	23.4	22.1	72.2	100.0	100.0	100.0
Oct. 28, 1960	80.0	59.3	49.6	20.0	40.7	50.4	100.0	100.0	100.0
Oct. 27, 1961	79.6	70.0	36.8	20.4	30.0	63.2	100.0	100.0	100.0

1 Classification of traders' positions as speculative and hedging is as reported by futures commission merchants and exchange clearing members.

2 Some positions as of October 31, 1961, resulting in a minor difference between total long and total short open contracts.

Speculative traders. Speculators in all size groups were net long, showing that the weight of speculative price opinion generally at the time of the survey was that potato prices would advance. With prices at relatively low levels, speculators in all size groups showed a decided preference for the long side in contrast to the situation one year earlier, when, with prices at better levels, speculators had not shown the same preference for the long side.

In the October 1961 survey, as in most previous surveys, speculators in the smallest size group (1 to 4 carlots) were most numerous, but those in the 5 to 24 carlot group held the largest aggregate of long positions -- 2,912 carlots. Of total long holdings, speculators in the 1 to 4 carlot group accounted for 12.0 percent; 5 to 24 carlot group, 27.3 percent; 25 to 99 carlot group, 16.6 percent; and 100 carlots and over group, 14.1 percent. The smaller aggregates of speculative short positions were distributed without significant emphasis among the four size groups.

Hedgers. The size-group classification shows that in the declining market of October 1961 hedging positions of large traders -- primarily large shippers and grower-shippers -- were more extensive, and accounted for a much larger part of the total market, than one year earlier. Hedging in the medium and small-size groups did not show significant changes from the previous year, and constituted a relatively small proportion of the total market.

There were 21 traders classified as hedgers in the size group 100 carlots and over, with aggregate long positions of 1,445 carlots and short positions of 4,898 carlots. These large hedgers' short positions were 45.7 percent of total short positions in the market. In the size group 25 to 99 carlots, long hedging positions amounted to 666 carlots and short hedging positions, 917 carlots.

In the smaller size groups (1 to 4 carlots and 5 to 24 carlots), there were 244 traders with positions classified as hedging. However, the smaller traders classified as hedgers had a somewhat larger aggregate of long positions (1,085 carlots) than short positions (964 carlots). The normal hedging interest of traders in the smaller size groups -- some of them growers and small shippers with potatoes to market -- is on the short side of the market, and such was the situation in the surveys in October 1959 and 1960. Very probably, many of the smaller traders' who held long positions classified as hedging in the October 1961 survey were actually speculators.

In general, the size-group classification indicates that with declining prices in the early part of the 1961-62 marketing season, large shippers increased their reliance on hedging sales to cover their price risks on purchase contracts with growers and on inventories of potatoes. However, growers and shippers in the smaller size groups were not inclined to hedge in a low-priced or declining

Table 6.--Maine potato futures: Distribution of traders and gross positions, by classification and size of position, New York Mercantile Exchange, October 27, 1961¹

Size group 2 (in carlots)	(Positions in carlots)												
	Traders net long				Traders net short				Traders even				Total
	No. of traders	Gross positions		No. of traders	Gross positions		No. of traders	Gross positions		No. of traders	Gross positions		
		Long	Short		Long	Short		Long	Short		Long	Short	
1 - 4	531	1,027	16	92	15	170	125	235	235	748	1,277	421	
5 - 24	236	2,099	66	58	169	624	75	644	644	369	2,912	1,334	
25 - 99	27	1,213	324	5	106	255	10	451	451	42	1,770	1,030	
100 and over	7	1,146	582	3	220	436	1	141	141	11	1,507	1,159	
Total	801	5,485	988	158	510	1,485	211	1,471	1,471	1,170	7,466	3,944	
HEDGERS													
1 - 4	51	127	3	42	8	101	2	6	6	95	141	110	
5 - 24	80	843	56	62	38	735	7	63	63	149	944	854	
25 - 99	16	572	40	18	64	847	1	30	30	35	666	917	
100 and over	4	774	65	17	671	4,833	0	0	0	21	1,445	4,898	
Total	151	2,316	164	139	781	6,516	10	99	99	300	3,196	6,779	
Grand total	952	7,801	1,152	297	1,291	8,001	221	1,570	1,570	1,470	10,662	10,723	

1 Some positions as of October 31, 1961, resulting in a minor difference between total long and total short positions.

2 In allocating a trader's position to a size group, the largest total long or short position in all futures is used; not the "net" of such long and short positions.

Table 7.--Maine potato futures: Percentage distribution of traders and gross positions, by classification and size of position, New York Mercantile Exchange, October 27, 1961¹

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(In percent)

Size group (in carlots)	Traders net long			Traders net short			Traders even			Total	
	No. of traders		Gross positions	No. of traders		Gross positions	No. of traders		Gross positions	No. of traders	
	Long	Short	Long	Short	Long	Short	Long	Short	Long	Short	Long

SPECULATORS

1 - 4	36.1	9.6	0.2	6.3	0.1	1.6	8.5	2.3	2.2	50.9	12.0	4.0
5 - 24	16.1	19.7	.6	3.9	1.6	5.8	5.1	6.0	6.0	25.1	27.3	12.4
25 - 99	1.9	11.4	3.0	.4	1.0	2.4	.6	4.2	4.2	2.9	16.6	9.6
100 and over	.4	10.7	5.4	.2	2.1	4.1	.1	1.3	1.3	.7	14.1	10.8
Total	54.5	51.4	9.2	10.8	4.8	13.9	14.3	13.8	13.7	79.6	70.0	36.8

HEDGERS

1 - 4	3.5	1.2	<u>2/</u>	2.9	0.1	0.9	0.1	0.1	0.1	6.5	1.4	1.0
5 - 24	5.4	7.9	.5	4.2	.3	6.9	.4	.6	.6	10.0	8.8	8.0
25 - 99	1.1	5.4	.4	1.2	.6	7.9	.1	.2	.2	2.4	6.2	8.5
100 and over	.3	7.3	.6	1.2	6.3	45.1	0	0	0	1.5	13.6	45.7
Total	10.3	21.8	1.5	9.5	7.3	60.8	.6	.9	.9	20.4	30.0	63.2
Grand total	64.8	73.2	10.7	20.3	12.1	74.7	14.9	14.7	14.6	100.0	100.0	100.0

1 Some positions as of October 31, 1961.

2 Less than 0.05 percent.

market, such as existed at the time of the October 1961 survey. The reduced hedging participation of these groups at such times has been illustrated in several previous surveys.

Geographic Distribution of Traders

The market for Maine potato futures in October 1961 continued to have an almost nationwide participation, with traders located in 46 States and six foreign countries. The data by geographic areas are shown in table 8.

In the market of much larger size than one year earlier, traders in Maine and New York continued to be more numerous than in other States, and as in previous surveys their positions accounted for the greater proportion of the total market. Traders spread over the other States were more numerous than one year earlier, but were mostly small speculators with a smaller aggregate of positions.

Traders' total holdings in both Maine and New York were much larger than one year earlier, and in aggregate amounts were about the same in each State. As compared with one year earlier, Maine traders' holdings increased somewhat as a proportion of the total market; those of New York traders decreased somewhat.

Maine traders' positions, consisting primarily of hedging sales, were net short in the market by a wide margin. New York traders' positions, speculative in largest part although including substantial hedging, were approximately evenly divided between the long and the short side. Most of the traders in other States were small speculative buyers.

Maine traders numbered 217, most of them growers and shippers classified as hedgers. Maine traders held 1,483 carlots long and 4,652 carlots short, or 28.7 percent of total long and short contracts in the market. They held 43.4 percent of total short positions, and 64.1 percent of total short hedging positions. Speculative holdings of Maine traders, mostly on the buying side, were a minor factor in the market.

There were 354 New York traders holding 3,167 carlots long and 3,173 short, or 29.6 percent of total long and short contracts. The greater part of the long positions was speculative as in previous surveys but, contrary to one year earlier, the larger part of the short positions was hedging. Most of the short hedging positions were in New York City, indicating that New York dealers and receivers, like Maine shippers, were hedging more extensively than one year earlier. The numerous New York City speculators were mostly on the buying side.

Table 8.--Maine potato futures: Distribution of traders and open contracts by geographic areas,
New York Mercantile Exchange, October 27, 1961¹

State, division and country	(Positions in carlots)								
	Speculators			Hedgers			Total		
	Number of traders	Positions		Number of traders	Positions		Number of traders	Positions	
		Long	Short		Long	Short		Long	Short
Maine	96	651	309	121	832	4,343	217	1,483	4,652
New Hampshire	3	11	0	1	20	5	4	31	5
Massachusetts	37	260	65	15	207	250	52	467	315
Rhode Island	2	32	29	3	163	20	5	195	49
Connecticut	16	59	25	2	15	4	18	74	29
New York (excluding New York City)	89	650	643	37	609	490	126	1,259	1,133
New York City	203	1,407	897	25	501	1,143	228	1,908	2,040
New Jersey	53	302	153	18	134	60	71	436	213
Pennsylvania	53	171	72	11	150	70	64	321	142
North Atlantic	552	3,543	2,193	233	2,631	6,385	785	6,174	8,578
Ohio	43	97	32	0	0	0	43	97	32
Indiana	15	51	30	2	30	2	17	81	32
Illinois	71	1,164	650	4	16	25	75	1,180	675
Michigan	37	117	162	17	75	121	54	192	283
Wisconsin	11	46	25	1	10	0	12	56	25
East North Central	177	1,475	899	24	131	148	201	1,606	1,047
Minnesota	20	58	3	2	5	7	22	63	10
Iowa	8	37	0	0	0	0	8	37	0
Missouri	9	94	1	0	0	0	9	94	1
North Dakota	2	3	0	0	0	0	2	3	0
South Dakota	2	4	0	0	0	0	2	4	0
Nebraska	2	7	0	0	0	0	2	7	0
Kansas	3	12	1	1	3	0	4	15	1
West North Central	46	215	5	3	8	7	49	223	12
Delaware	3	13	0	0	0	0	3	13	0
Maryland	8	76	1	0	0	0	8	76	1
District of Columbia	6	24	22	0	0	0	6	24	22
Virginia	6	3	5	1	0	15	7	3	20
West Virginia	3	2	3	0	0	0	3	2	3
North Carolina	12	47	10	1	4	0	13	51	10
South Carolina	5	17	1	0	0	0	5	17	1
Georgia	11	28	8	1	3	0	12	31	8
Florida	39	378	97	4	40	8	43	418	105
South Atlantic	93	589	147	7	47	23	100	635	170
Kentucky	3	21	10	0	0	0	3	21	10
Tennessee	8	42	5	0	0	0	8	42	5
Alabama	9	29	1	0	0	0	9	29	1
Mississippi	2	5	0	0	0	0	2	5	0
Arkansas	1	1	0	0	0	0	1	1	0
Louisiana	6	5	18	0	0	0	6	5	18
Oklahoma	5	16	6	1	6	0	6	22	6
Texas	39	133	16	1	4	0	40	137	16
South Central	73	252	56	2	10	0	75	262	56
Montana	1	2	0	0	0	0	1	2	0
Idaho	11	252	90	5	36	15	16	288	105
Wyoming	2	5	0	0	0	0	2	5	0
Colorado	9	44	48	0	0	0	9	44	48
New Mexico	2	4	3	0	0	0	2	4	3
Arizona	2	4	0	0	0	0	2	4	0
Washington	15	63	6	0	0	0	15	63	6
Oregon	16	37	13	0	0	0	16	37	13
California	83	293	140	2	0	30	85	293	170
Western	141	704	300	7	36	45	148	740	345
Hawaii	5	9	2	0	0	0	5	9	2
Puerto Rico	3	3	0	0	0	0	3	3	0
Total	1,090	6,789	3,602	276	2,863	6,608	1,366	9,652	10,210
Brazil	2	6	0	0	0	0	2	6	0
Canada	73	659	340	24	333	171	97	992	511
Germany	1	5	0	0	0	0	1	5	0
Italy	1	3	0	0	0	0	1	3	0
Mexico	1	2	0	0	0	0	1	2	0
Switzerland	2	2	2	0	0	0	2	2	2
Total	80	677	342	24	333	171	104	1,010	513
Grand total	1,170	7,466	3,944	300	3,196	6,779	1,470	10,662	10,723

1 Some positions as of October 31, 1961.

States other than Maine and New York with traders holding considerable aggregate positions were Illinois, Massachusetts, New Jersey, Pennsylvania, Michigan, Florida and California. Most of the traders in all these areas were small speculative buyers.

The participation of Canadian traders in the Maine potato futures market was greater than in any previous survey. Some of the Canadian traders were hedging, but for the most part their positions were those of small speculative buyers.

Occupational Distribution of Traders

The distribution of traders and their positions by occupations is shown in table 9. Listed first in the table are the industry groups -- growers, shippers, receivers, etc., -- followed by the occupations of the numerous nonindustry traders.

There were 444 traders in the six industry groups shown -- hedgers for the most part -- holding the greater part of both sides of the market -- 5,552 carlots long and 7,997 carlots short.

The more numerous nonindustry traders, numbering 1,026, were nearly all speculators with much larger aggregate long holdings than short holdings -- 5,097 carlots long and 2,522 carlots short.

Among the industry traders, potato shippers, as in previous surveys, were most numerous (151) and held larger aggregate positions than any other industry group, accounting for two-thirds the total short hedging positions in the market, and a smaller but considerable aggregate of long hedging positions. The second most sizeable industry group consisted of 134 receivers, merchants and jobbers, with substantial aggregate hedging positions long and short, and also holding a considerable aggregate of long speculative positions. There were 132 growers, a somewhat increased number from one year earlier, whose aggregate positions, although much smaller than those of shippers and receivers, were classified primarily as hedging, with short hedging predominating.

For industry traders generally, the substantially increased amount of hedging positions as compared with one year earlier, indicated a significantly larger dependence on the hedging facilities of the futures market at a time when prices had been declining and were at low levels.

Table 9.--Maine potato futures: Occupational distribution of traders, by number and class of trader, New York Mercantile Exchange, October 27, 1961¹

Occupational group	(Positions in carlots)									
	Speculators				Hedgers				Total	
	No. of traders	Positions		No. of traders	Positions		No. of traders	Positions		Total
		Long	Short		Long	Short		Long	Short	
Potato growers ²	27	223	107	105	276	567	132	499	674	
Potato shippers and warehouses	47	853	520	104	1,141	4,548	151	1,994	5,068	
Potato receivers, merchants, and jobbers	68	1,101	626	66	981	1,021	134	2,082	1,647	
Grocery and chain store organizations	4	14	2	4	54	1	8	68	3	
Potato processors	6	178	167	9	608	150	15	786	317	
Fertilizer dealers	0	0	0	4	123	288	4	123	288	
Subtotal	152	2,369	1,422	292	3,183	6,575	444	5,552	7,997	
Farmers (other than potato growers)	48	212	116	2	1	14	50	213	130	
Brokerage firms and employees	33	362	310	1	0	172	34	362	482	
Floor traders and professional speculators	34	434	341	0	0	0	34	434	341	
Employees of potato shippers, receivers, and processors, and others in the potato trade	23	103	32	1	2	3	24	105	35	
Manufacturers, merchandisers, and whole-salers (other than in potatoes), capitalists, financiers, and bankers	145	1,165	485	1	0	3	146	1,165	488	
Retailers	73	369	130	2	5	2	75	374	132	
Sales managers, purchasing agents, and administrative personnel	90	362	216	1	5	10	91	367	226	
Manufacturers' agents, and salesmen	58	222	51	0	0	0	58	222	51	
Clerical employees, craftsmen, and service workers	102	253	155	0	0	0	102	253	155	
Physicians, lawyers, teachers, engineers, contractors, and other professional occupations	206	760	330	0	0	0	206	760	330	
Housewives	58	254	53	0	0	0	58	254	53	
Retired	103	487	209	0	0	0	103	487	209	
Other	45	114	94	0	0	0	45	114	94	
Subtotal	1,018	5,097	2,522	8	13	204	1,026	5,110	2,726	
Total	1,170	7,466	3,944	300	3,196	6,779	1,470	10,662	10,723	

¹ Some positions as of October 31, 1961

² Grower classification does not include grower-shippers who are here classified as shippers.

The speculative traders in the nonindustry groups included: 206 doctors, lawyers and other professional people; 146 manufacturers, merchandisers, bankers, etc.; 103 retired persons, 102 clerks, craftsmen and service workers; and contingents of retailers, salesmen, purchasing agents, housewives, farmers other than potato growers, employees of potato shippers, brokerage firms and others. All groups of these nonindustry speculators were net long in the market except brokerage firms and their employees. The preference of the nonindustry speculators for the long side was more pronounced than in the survey one year earlier.

